



INTERACTION BETWEEN MARKETING AND INFORMATIONAL TECHNOLOGIES IN THE INSURANCE BUSINESS

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Abstract

Business of selling insurance requires great skill especially in this time of difficulty caused by the economic crisis which seems to extend more than anyone had. If by 2008, life insurance offset the gap represented by a long-term savings product to fill in the state pension, after this year, more and more they entered the natural path of protection first. Currently, however, the economic crisis has become an even bigger reason to refuse or postpone the purchase of insurance.

Keywords: insurance marketing, informational technologies, consumer psychology, insurance consumer behavior

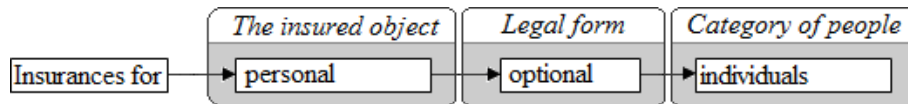
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1. INTRODUCTION

Unfortunately, Romanians still feel that insurance, especially life insurance are luxury items, in absence of which ordinary life can still follow its natural, peaceful course. It is interesting to note that in a traditional society, people's priorities are directed towards meeting basic needs, while modern society is characterized by orientation towards higher needs (Baciu et al, 2009, pp. 46-47). And as a bitter joke, modern society has brought to Romania the debate on insurance, in addition to regular ones regarding mistrust, frivolity etc, and the intriguing role that life insurance can have, more precisely the amount of money that it offers. And here, as in American movies, life insurance becomes the motive for crime within families. One other negative thing, while introducing a product/service more easily and quickly, naturally, it also brings huge disadvantages to an economic entity. Studies (Levinson, 2006, p 55) have shown that a satisfied customer will tell only one person what a wonderful job seller had done, while each time, when a customer is dissatisfied will complain, in average, to nine other people; that's why we can say we have to find nine times more satisfied customers than dissatisfied only in order to keep the same number of customers.

2. THE NEED OF LIFE INSURANCE

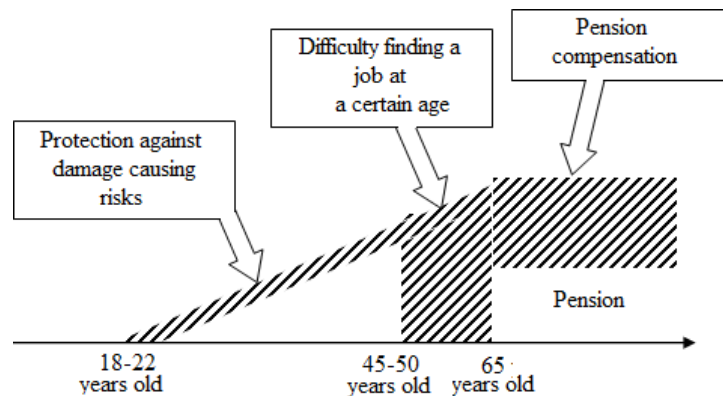
It is important to specify how useful it is to purchase life insurance. Although, according to Văcărel and Bercea (2007, p 85) from the multitude of insurance (property, person, liability, loan guarantees, financial loss, etc.), according to different criteria (the object of insurance - listed above, Legal form - voluntary or mandatory category of people - individuals or legal entities) results which kind of insurance is the most difficult to sell, as shown in the figure below.



Source: [Adapted from Văcărel and Bercea, 2007, 85]

Figure no. 1 Most difficult type of marketable insurance

Although it is difficult to sell life insurance, it is worth the effort even if only for the three important advantages it offers, as I shown by the shaded areas in figure no. 2.



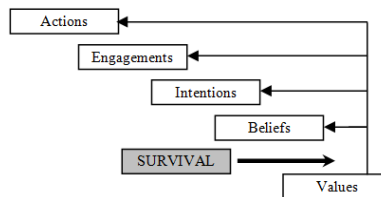
Source: [Made by author]

Figure no. 2 Multi-valence offered by life insurance

Therefore, during the most active years, when it is assumed that the person is working, any disturbance of the financial standard could destabilize person. It is therefore recommended a barrier to avoid any negative fluctuation of that person's income. A serious matter is the fact that by the age of 45-50 years, if a person loses his/her job, the chances of getting rehired become extremely low. Similarly, an insurance policy can help, by converting the sum of compensation, even if only mentally. This aid is transformed into a monetary compensation for those who reach retirement and find out that a pension it is not always plentiful.

3. FACTORS AFFECTING THE CONFIDENCE OF THE INSURANCE CONSUMER

Zaltman (2007, p 50) states that a consumer insight enables marketers to identify the impulses underlying common behavior, also shared impulses and other target markets. So, the deeper we penetrate into consumer thoughts and feelings, the more we discover common elements between different segments. It is likely that these common elements are important factors in determining choice, which tend to change rather quickly. The image of an insurance company influences the success it achieves in the competitive environment of this area of services. In turn, the image of insurance companies is influenced by professionalism of its advisers. On the insurance market, the consultant himself is an element of differentiation. The specificity of the products offered on this market induces the need for differentiation. Especially now, in the context of current global events when consumers view on investment is influenced by the economic crisis, a professional consultant can make a difference in the competition with colleagues, selling the products of the same company, but even more than that, in the competition with other companies that sell similar products. The professionalism a consultant displays can count more in the decision making process of a customer than the offer itself. Often, clients prefer to give up when the consultant proves to be unreliable, even if the offer presented is the one that fits his/her needs. Thus, Bibb and Kourdi (2009) in their paper say that while the initial values of the people is manifested in a pure form, interaction with the surrounding world causes them to develop beliefs that ultimately will influence intentions, commitment and actions. Figure 3 illustrates that some people appear to be unreliable because they fail to pass the "threshold" of believable.



Source: [Adapted from Bibb and Kourdi, 2009, 171]
Figure no. 3 The moment in which trust can be blocked

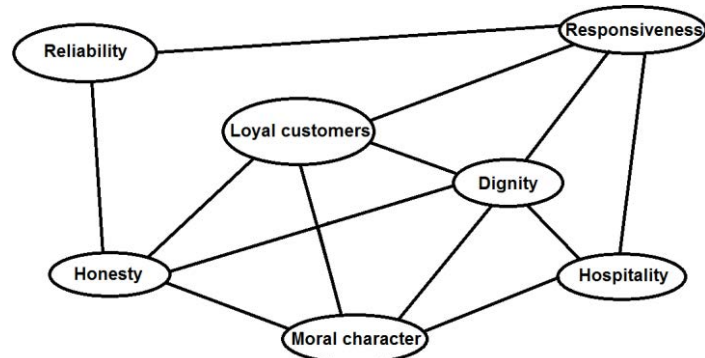
In reference to trust, it is interesting the differentiation is concepts of trust, applying the examples presented in table no 1.

Table no. 1 Differentiation in concepts of trust

Belief	Predictability	Relationship cause/effect	Primal level of trust	Advanced level of trust
- religious faith: faith in a higher power	- There will be floods - This volcano will not erupt now - That a tree will not fall	- My car will start to the turn of a key - The train will come in time - The insurance company will reimburse me if I have damage	- I am safe when walking the streets near my house. - The company I work I will pay me every month	-My partner will always be faithful - My friends will help me when I'm in need - My parents will be there to support me whatever happens

Source: [Adapted from Bibb and Kourdi, 2009, 6]

Marketers often try to draw consumers deducting their thoughts from their spoken or written statements and label them. Cognitive scientists call these labels "constructs". Zaltman (2007, p 203) shows that they are not real thoughts or behavior, but is an interpretation given by marketers to such thoughts or behaviors. As an example, under Mind of the Market Laboratory (Harvard Business School), line diagram in Figure 4 give the way they can be linked together to represent different constructs, to show how they are associated by consumers. For example, concept of "hospitality" stimulates less constructs than the concept of "dignity". Often, managers focus on constructs that have many associations with others.

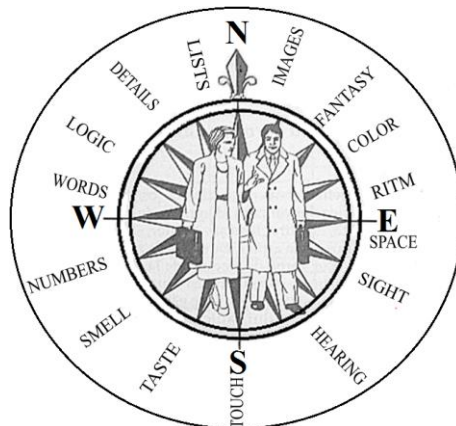


Source: [Zaltman, 2007, 220]

Figure no. 4 Aspects consumers think about a company that focuses on their interests

Although most agents focus only on the logical benefit or business benefit, however, emotional or personal benefit can be - and often is - more powerful and more convincing (Harvey, 2007, p 33). Even Hopkins (2005, p 87) says with confidence that people seldom buy logically. In addition to this statement Heeper and Schmidt (2007, p 32) claim that scientific studies on humans show that an individual decides to 20% based on reason, as opposed to emotionality, which scientists say would contribute decisively at least 80% in decision making. Empathy builds on self-awareness, as the person is more open to their emotions, the more able to interpret the feelings of others. People's emotions are rarely translated into words. Goleman (2008, p 137) shows that, more often they are expressed by other's indications (non-verbal channels: tone of voice, gestures, facial expressions, etc.).

Buzan and Israel (1998, p. 201) 15 shows that mental skills are as a compass - "Compass sale" (figure no. 5).



Source: [Buzan and Israel, 1998, 201]

Figure no. 5 Compass for sales

The metaphor carried by the two authors is that every time the client uses one or more of these mental skills, vendor shall immediately compass that ability. Based on these close observations, identifying customer needs can be compared with the product offered by vendor, pointing out what the client is interested in.

4. INTERACTION BETWEEN MARKETING AND INFORMATIONAL TECHNOLOGIES

Insurance marketing requires a refocusing from traditional marketing organizations, focusing on single transactions and profit maximization in relational marketing, which involves a strategic vision of market relations, especially in Western countries. (Mitu, 2006, p.230).

In recent years, hardware and software resources from information technology are in perpetual evolution, providing an efficient communication with easy access to various information categories. The best example is the World Wide Web system and Web technologies, through which we can navigate in the universe of informational resources. (Sireteanu N.A., 2012, p.51)

Informational technologies are a generic expression which broadly represents services and information and communication technologies. They include the entire area of production, distribution and consumption information from all forms of media such as radio or television by satellite and Internet. In the economic sector, information technologies have the potential to reduce barriers of time and space by providing a more efficient trade away (Dospinescu, 2009, pp. 21-25).

4.1. Specifics of marketing on the Internet

Marketing's interaction with information technologies is currently more than natural, generating specific components such as:

- *affiliate marketing* - direct relative, but an extension of online advertising, which involves collaboration between two companies making and require each other to increase sales. Affiliate programs involve some form of alliance increasingly

common post ads that affiliates of a company banner on their website (Gay et al, 2009, p 417);

- *guerrilla marketing* - more popular, involves capturing attention and determination of others to talk about it, even addressing other areas in which to be publicized. Also for example, Yahoo! has launched Yahoo! Denmark distributing 5000 apples with the Yahoo! name on them in the busiest station in Denmark (Gay et al, 2009, p 147)
- *permission marketing* is a concept imagined by Seth Godin, a pioneer of Internet marketing, which has enabled companies to build a long term relationship, to establish a trust, by obtaining the client's actions that the company wants to take the relationship of the two entities (Carton, 2008, p 115).

Speaking of insurance market, and if we have exemplified some specific components of marketing, it is worth mentioning that in the early 90s, the transition to market economy led to the disappearance of the monopoly represented by the only specialized company and the start of a competition among firms, even with the feeling that marketing practiced by insurance companies is a "*marketing of war*" (Petrescu, 2005, p 66). In order to make reference to other marketing categories without exhaustively treat these noteworthy concepts and reverse marketing which recreates activback starting with the client, changing the order of operations (Fisk, 2008, pp. 59-60). Also, Fisk (2008, p 253) mentions another concept, the *neuromarketing*, which involves studying the units of information residing in the brain from which it creates brands and symbols, offers and messages to capture people's attention and remain in their memory, then, spread like a virus through observation and experimentation, through word of mouth, email or writing.

The tendency to perceive an action as more appropriate than another, when others do the same, usually gives quite good results. This feature is the principle of social proof is at the same time, both its strong point and weak point, providing a certain vulnerability to some who, knowing the reactions, are waiting for "the turn" to act. Another drawback is inducing widespread indifference. Cialdini (2004, pp. 164, 169) argues that the principle of social proof can lead to pluralistic ignorance: people react in group ignoring what they feel. Based on the principle of social proof and pluralistic ignorance, Hedges (2007, p 21) states that the term came to Indigo Marketing (*copycat marketing*) according to which the people copy each other or duplicate each other assuming that those they imitate have the "correct answer".

Since we have brought up the concept "*permission marketing*" of Seth Godin, we can say that approaching a potential client is a sensitive matter in insurance; the image of the boring consultant is well known. My own interaction with customers led me to rename this concept as "*persuasive permission marketing*". This, mostly because Romanians do not easily accept (are not comfortable with) the interaction with an insurance agent interaction. Therefore, for a successful approach to bring acceptance to the client, a persuasive approach is necessary.

4.2 Providing solutions using information technology

Increasing automation in data collection on consumer behavior have led to an exponential amount of information available. Solutions to manage this volume of information with the support of intelligent systems to assist the decision making process, now appear as a means to increase economic efficiency. The same idea Orzan (2007, p 67) argues that expert

systems could replace about 60% of its assistance in marketing services. Computer applications can often be seen as expensive, even if the ratio vs. investment. results would provide efficiency. This is because depreciation and profit-application, due to its support, would involve a certain lapse of time. For many sales companies, in these troubled economic times, the results are immediate lifeline for everyday survival. Although it is not too healthy for the long life of an institution the territorial entities use information technology to adapt to conditions of time by using the "ingredients" existing in those structures. How MSOffice applications are present in almost all Romanian companies, adapting their efficiency can bring that fast, without spending anything, momentarily. For example, using Microsoft Excel application when it comes to carrying out calculations is more than commendable, because it has everything you need to quickly and accurately get the expected results. For example one can consider the realization of an offer. Presentation of appropriate solutions to the potential client is done according to traditional theory of sales training presenting features, advantages and benefits (FAB) product or service that is provided by the seller. Handy, respecting consistency to work with MS Office is usage of spreadsheet program, where, based on previous discussions related to the identification of needs is completed with the details, resulting for example, form in Figure 6 (Grama and Stofor, 2010).

BENEFIT PLAN - PREVENT	
First Name and Last Name:	Ioana POPOVICI
Sex:	Femeie
Birth Year Age:	1984 = 25 years
Period of insurance:	15 years
Beginning of the program	August 11, 2011
Invested sum:	1.000,00 \$
Premiums for a period of 15 years:	15.000,00 \$
Basic Plan	
fee	14.844,06 \$
(coefficient calcul: 0.067287)	
(coefficient estimat: 0.4)	5.937,63 \$
	20.781,69 \$

Figure no. 6 Extract from the actual offer with appropriate solutions to customer needs

Calculating the sum insured (SA) is achieved by the ratio of insurance premium (Pa.), which allows its clients to save, and coefficient calculation (c) which is the age of the insured person (V) and duration of the insurance (D). This ratio depends on another variable, sex (S).

$$SA = \left(\frac{Pa}{c_{(V,D)}} \right)_{(S)}$$

Data regarding the rate calculation is made for each product, extracting tables, similar to that of Figure 7. Although this chart is useful for subsequent calculations, providing a solution as in Figure 6, the client sometimes may be influenced by whether or not they can compare different examples, so that the decision made it the best one possible. For this, like the chart in Figure 7, which is behind the application, not being accessible to the agent, even less to the client, we can make a table with two variables simulation, Microsoft Excel offers the opportunity to quickly achieve this, taking the above function by using the option type What if Analysis, as shown in Figure 8.

Period of insurance (D)

↓

Insured person's age (V)	10	11	12	13	14	15	16	17
15	0,102212	0,092617	0,084638	0,077871	0,072114	0,067064	0,062721	0,058888
16	0,102313	0,092617	0,084638	0,077871	0,072114	0,067165	0,062822	0,059088
17	0,102313	0,092718	0,084638	0,077871	0,072114	0,067165	0,062822	0,059088
18	0,102313	0,092718	0,084739	0,077972	0,072215	0,067266	0,062923	0,059188
19	0,102414	0,092819	0,084739	0,078073	0,072215	0,067266	0,062923	0,059188
20	0,102414	0,092819	0,084840	0,078073	0,072316	0,067266	0,062923	0,059188
21	0,102515	0,092920	0,084941	0,078174	0,072316	0,067266	0,062923	0,059188
22	0,102616	0,092920	0,084941	0,078174	0,072316	0,067266	0,062923	0,059188
23	0,102616	0,092920	0,084941	0,078174	0,072316	0,067266	0,062923	0,059188
24	0,102616	0,092920	0,084941	0,078174	0,072316	0,067266	0,062923	0,059188

Coefficient calculation (Cc)

Figure no. 7 Extract from Table of coefficients for calculating the amount insured

Coef. calc.	0,067367							
Duration	15							
Insurance premium	1000							
Sum insured	14.844,06							
Dur. of the ins.	Coef. calc.	Insurance premium						
	14.844,06	800,00	1.000,00	1.200,00	1.400,00	1.600,00	1.800,00	2.000,00
10	0,102414	7.811,43	9.764,29	11.717,15	13.670,01	15.622,86	17.575,72	19.528,58
11	0,928190	861,89	1.077,37	1.292,84	1.508,31	1.723,79	1.939,26	2.154,73
12	0,084840	9.429,51	11.786,89	14.144,27	16.501,65	18.859,03	21.216,41	23.573,79
13	0,078073	10.246,82	12.808,53	15.370,23	17.931,94	20.493,64	23.055,35	25.617,05
14	0,072316	11.062,56	13.828,20	16.593,84	19.359,48	22.125,12	24.890,76	27.656,40
15	0,067367	11.875,25	14.844,06	17.812,88	20.781,69	23.750,50	26.719,31	29.688,13
16	0,063024	12.693,58	15.866,97	19.040,37	22.213,76	25.387,15	28.560,55	31.733,94
17	0,059186	13.516,71	16.895,89	20.275,07	23.654,24	27.033,42	30.412,60	33.791,78
18	0,055853	14.323,31	17.904,14	21.484,97	25.065,80	28.646,63	32.227,45	35.808,28
19	0,052823	15.144,92	18.931,15	22.717,38	26.503,61	30.289,84	34.076,07	37.862,29
20	0,050197	15.937,21	19.921,51	23.905,81	27.890,11	31.874,41	35.858,72	39.843,02

Figure no. 8 Simulation table of sum insured, depending on the insurance premium and term of insurance

For calculation in which the coefficient is not something useful for the client, the chart on the left attaches a column that associates the coefficient of the term of insurance, without having any role in the calculation.

5. CONCLUSIONS

So it is important that the sale of insurance can determine whether growth is based on the well known expression, "our customer, our master" and place the potential buyer on the "pedestal". We can strongly support an axiom of sales: the customer buys if he needs it, and this axiom generates the corollary: if the customer does not have the need for it, he will not buy. Even if you can talk a lot about the different types of needs, either obvious one, induced, latent etc., getting close to a client and gaining his confidence will ultimately enable insurance agent to find out the real needs of the client. Therefore, without bothering to do calculations in order to generate solutions, having the full support of information technologies, the insurance agent of the 21st century can adapt, quickly, to the speed of the movement of information in the society of knowledge. Achieving an integrated platform for

marketing insurance will benefit the entire sale process, from the achievement of a list of potential customers, to realizing the sale itself, but also in maintenance of constant contact with them, taking into account the long duration of interaction between the buyer and the seller of life insurance.

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